

Filed for intro on 02/22/95
Senate Bill _____
By _____

House No. HB1509
By Kisber

AN ACT to amend Tennessee Code Annotated, Section 67-6-102 and Section 67-6-206, to extend the sales and use tax exemption provided by these sections to machinery and substances used to package manufactured automotive aftermarket products for retail sale.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102 (12), is amended by adding the following as a new subdivision after subdivision (D) and renumbering the subsequent subdivisions accordingly:

() Machinery used to package manufactured items, where the use of such machinery is by a person whose principal business is fabricating or processing tangible personal property for resale. Notwithstanding the principal business of the user, this exemption shall also apply where the use of such machinery at a location is to package automotive aftermarket products manufactured at other locations by the same person or by a corporation affiliated with the manufacturing corporation such that:

(1) Either corporation directly owns or controls one hundred percent (100%) of the capital stock of the other corporation; or

(2) One hundred percent (100%) of the capital stock of both corporations is directly owned or controlled by a common parent.

The term “to package” as used herein refers only to the fabrication and/or installation of that packaging which will accompany the product when sold at retail.

SECTION 2. Tennessee Code Annotated, Section 67-6-206, is amended by adding a new subdivision to subsection (b) as follows:

(6) Notwithstanding the foregoing, the reduced rates provided by subdivision (b) (1) shall apply to the use of such substances by a person engaged at a location in packaging automotive aftermarket products manufactured at other locations by the same person or by a corporation affiliated with the manufacturing corporation such that:

(A) Either corporation directly owns or controls one hundred percent (100 %) of the capital stock of the other corporation; or

(B) One hundred percent (100%) of the capital stock of both corporations is directly owned or controlled by a common parent.

The term “packaging” as used herein refers only to the fabrication and/or installation of that packaging which will accompany the automotive aftermarket product when sold at retail. The reduced rates shall apply only to such substances used in the packaging process. Such use must be established to the satisfaction of the commissioner by separate metering or otherwise. To qualify for the reduced rate under this subdivision, a person shall apply for and receive a certificate of qualification for the reduced rate from the commissioner. Such person shall provide a copy of the certificate to that person’s supplier of such substances to evidence qualification for the reduced rate.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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